

THE EXCHANGE HAS NEITHER APPROVED NOR DISAPPROVED THE INFORMATION CONTAINED IN THIS FILING STATEMENT, WHICH IS A REPRODUCTION OF THE ORIGINAL FILED WITH THE EXCHANGE BY THE COMPANY AND IS ISSUED FOR INFORMATION PURPOSES ONLY. THIS FILING STATEMENT IS NOT TO BE REPRODUCED IN WHOLE OR IN PART WITHOUT THE WRITTEN APPROVAL OF THE TORONTO STOCK EXCHANGE.

# THE TORONTO STOCK EXCHANGE

19/12/68  
30/12/68  
16/ 1/69

FILING STATEMENT NO. 1667.  
FILED, FEBRUARY 6th, 1969.

ERIE DIVERSIFIED INDUSTRIES LIMITED  
(formerly Erie Flooring & Wood Products Limited)

Full corporate name of Company

The Corporations Act (Ontario) by letters patent dated August 12th, 1940  
Particulars of incorporation (e.g., Incorporated under Part IV of the Corporations Act, 1953  
(Ontario) by Letters Patent dated May 1st, 1957).

## FILING STATEMENT

(To be filed with respect to any material change in a company's affairs, including among other things, an underwriting and option agreement, an issue of shares for property and a proposed re-organization.)

1. Brief statement of the material change in the affairs of the company in respect of which this statement is filed.	<p>(a) Sale by way of private placement of 30,000 new Class "A" preference shares at \$10.00 per share (See Item 6)</p> <p>(b) acquisition of all of the issued and outstanding shares of H. A. Ball &amp; Sons Limited (See Schedule "A" on pages 3 and 4.)</p> <p>(c) increase in authorized capital, re-classification, and subdivision of shares and change of name.</p> <p>(See Schedule "A" on pages 3 and 4.)</p>
2. Head office address and any other office address.	Suite 204, 330 Bay Street, Toronto 1, Ontario.
3. Names, addresses and chief occupations for the past five years of present or proposed officers and directors.	<p>PRESIDENT AND DIRECTOR.....FREDERICK A. LITWIN, Broker-dealer.</p> <p>SECRETARY-TREASURER AND DIRECTOR....W. H. GILES, Lawyer, Partner in the law firm of Giles &amp; Sillers.</p> <p>DIRECTOR.....PAUL MICHELIN, Stockbroker with firm of Grant Johnston &amp; Co. Limited.</p> <p>DIRECTOR.....BERNARD S. WALMAN, President of Western Credit Corporation.</p> <p><b>**Mr. Bernard Kraft, Chartered Accountant, partner in the accounting firm of Starkman, Kraft, Rothman, Berger &amp; Grill, became Vice-President and a director of the Company on September 26th, 1968 and resigned on December 30th, 1968 as a result of his firm potentially becoming the auditors of the Company.</b></p>
4. Share capitalization showing authorized and issued and outstanding capital.	The authorized capital consists of 100,000 Class "B" common shares, no par value and 35,000 Class "A" preference shares no par value of which 74,000 and 35,000 are issued and outstanding respectively.
5. Particulars in respect of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.	There is a First Mortgage of \$55,000.00 outstanding payable to the Industrial Development Bank, being due in 1971, and bearing interest at the rate of 7% per annum.
6. Details of any treasury shares or other securities now the subject of any underwriting, sale or option agreement or of any proposed underwriting, sale or option agreement.	Subject to the issuance of supplementary letters patent authorizing the subdivision of the old Class "A" preference shares (See Item 1) the Company has agreed to sell by way of private placement pursuant to Section 19 (3) of The Securities Act (Ontario) 30,000 new Class "A" preference shares at \$10.00 per share to Corporate Investors Stock Fund Limited, P. O. Box 123, Toronto-Dominion Centre, Toronto, Ontario. Preliminary discussions relating to the private placement commenced on approximately December 30, 1968 and by a letter of subscription dated January 13, 1969 Corporate Investors Stock Fund Limited agreed to purchase and the Company agreed to sell the above share subscription on the above conditions.



7. Names and addresses of persons having any interest, direct or indirect in underwritten or optioned shares or other securities or assignments, present or proposed, and, if any assignment is contemplated, particulars thereof.	None, except Corporate Investors Stock Fund Limited which is a public mutual fund. (See Item 6)
8. Any payments in cash or securities of the company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition.	<p>Subject to the closing of the Company's purchase of H. A. Ball &amp; Sons Limited, the Company intends to pay Wynro Consultants Limited a fee of \$6,000.00 for arranging this transaction. Mike Wynston, C.A. and Paul Roth, C.A. are the only persons owning a greater than 5% interest in Wynro Consultants Limited. Roth and Wynston are the auditors for H. A. Ball &amp; Sons Limited.</p> <p>As a result of the private placement referred to in Item 6 hereof, J. P. Cannon &amp; Co. Limited, acting as agent for the Company is entitled to receive from the Company a fee of \$1,500.00.</p>
9. Brief statement of company's future development plans, including proposed expenditure of proceeds of sale of treasury shares, if any.	<p>The Company intends to carry on its woodworking and flooring business and its textile business and intends to investigate desirable acquisitions or mergers. Reference is made to Item 10 herein for further particulars.</p> <p>The proceeds to be derived as a result of the private placement will be used in part for the acquisition of H. A. Ball &amp; Sons Limited and to provide the Company with additional working capital.</p>
10. Brief statement of company's chief development work during past year.	<p>On December 2nd, 1968 the Company acquired Twilight Investments Limited, a private Ontario company carrying on business as "A &amp; A Fabrics" which is in the business of textile importing and distributing. The Ball Company (See Item 1 herein) is carrying on business as barrel reconditioners.</p>
11. Names and addresses of vendors of any property or other assets intended to be purchased by the company showing the consideration to be paid.	<p>Cecil A. Ball of 3 Barbara Crescent, E. Robert Ball of 21 Fairside Avenue and Norman Ball of 70 Blyth Hill Road, all of the City of Toronto are entitled to receive the Six Hundred and Twenty Thousand (\$620,000.00) Dollars being the consideration payable by the Company for the shares of the Ball Company.</p>
12. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company.	<p>To the knowledge of the management, the only persons to receive a greater than 5% interest in the consideration being paid by the Company for the purchase of all of the issued and outstanding shares of H. A. Ball &amp; Sons Limited are: Cecil A. Ball, Norman Ball, and E. Robert Ball.</p>
13. Number of shares held in escrow or in pool and a brief statement of the terms of escrow or the pooling agreement.	Not applicable.
14. Names and addresses of owners of more than a 5% interest in escrowed shares and their shareholdings (If shares are registered in the names of nominees or in street names, give names of beneficial owners, if possible.)	There are presently no escrowed shareholdings of the Company.



ERIE DIVERSIFIED INDUSTRIES LIMITED

Schedule "A" to the Filing Statement  
dated January 14th, 1969

By an Agreement in writing dated the 12th day of November, 1968 and amended by a Memorandum in writing dated the 16th day of December, 1968 the Company agreed with Cecil A. Ball, Norman Ball, and E. Robert Ball (therein described as the "Vendors") to purchase all of the issued and outstanding shares (comprising of 1,500 common shares at \$1.00 par value and 12,000 preference shares at \$10.00 par value) of H. A. Ball & Sons Limited (therein referred to as the "Ball Company") for a total cash consideration of Six Hundred and Twenty Thousand (\$620,000.00) Dollars. This is an arms length transaction and is subject to the approval of The Toronto Stock Exchange. The purchase price is payable Sixty Thousand (\$60,000.00) Dollars by way of a deposit and the balance of the purchase price of Five Hundred and Sixty Thousand (\$560,000.00) Dollars was to be payable in cash or by certified cheque on closing. On the closing, the Vendors have agreed to lend the Company Two Hundred and Twenty Thousand (\$220,000.00) Dollars to be secured by a Promissory Note and collaterally secured by a First Mortgage on the realty of the Ball Company and a Chattel Mortgage on the equipment of the Ball Company. The loan is for Five (5) years and is re-payable as to interest only half-yearly and the interest is Six (6%) per cent per annum. The loan is open and may be prepaid at any time without notice or bonus. The Company intends to use its own funds and bank financing to close this transaction. On closing, the Vendors will repay a loan of One Hundred and Thirty-Eight Thousand (\$138,000.00) Dollars due and owing to the Ball Company and Cecil A. Ball, and Norman Ball, being two of the Vendors will execute an employment contract with the Company for a term of three (3) years.

\* In order to complete the Company's acquisition of H. A. Ball & Sons Limited, the Company proposes to use \$260,000.00 of its bank line of credit.

By supplementary letters patent dated the 21st day of November, 1968 the name of the Company was changed from Erie Flooring & Wood Products Limited to Erie Diversified Industries Limited and the authorized capital of the Company was increased



from Sixty Thousand (60,000) Class "B" common shares to One Hundred Thousand (100,000) Class "B" common shares.

By an Order made the 5th day of December, 1968 the Honourable Mr. Justice Donnelly, one of the Judges of The Supreme Court of Ontario, ordered that meetings of the holders of the Class "A" preference shares and the holders of the Class "B" common shares be held for the purpose of considering and approving an Arrangement entered into between the aforesaid Class "A" and Class "B" shareholders of the Company dated the 12th day of November, 1968. The Arrangement provides for a subdivision of the Class "B" and Class "A" shares of the Company on the basis of three (3) new shares for each old share together with an increase in the authorized capital of the Company following the subdivision by the creation of Three Hundred and Forty-Five Thousand (345,000) new Class "A" preference shares so that the authorized capital of the Company would consist of Four Hundred and Fifty Thousand (450,000) Class "A" preference shares and Three Hundred Thousand (300,000) common shares (formerly Class "B" common shares) if the Arrangement is approved. The issued capital would then be Two Hundred and Twenty-Two Thousand (222,000) new common shares (or Seventy-Four Thousand (74,000) old Class "B" common shares) and One Hundred and Five Thousand (105,000) new Class "A" preference shares (or Thirty-Five Thousand (35,000) old Class "A" preference shares). The Arrangement also provides for the re-classification of the Class "A" preference shares by deleting therefrom the rights, privileges and restrictions presently existing and substituting therefor new rights, privileges and restrictions, including the right to participate. At meetings of the holders of the Class "A" and Class "B" shares held on the 7th day of January, 1969 approval was given to the Arrangement dated November 12th, 1968 and confirmation is now required through the issuance of supplementary letters patent.



# SCEDULE "B"

<u>Class "B" Shares</u>	<u>Voting Shares</u>
Grant Johnston & Co. Limited	22,815
E. T. Lynch & Company Limited	10,000
*Arthur Applebaum	7,700
Playfair & Co. Limited	6,189
J. P. Cannon & Company Limited	3,632

\*Beneficially owned.

The Company is advised that Frederick A. Litwin, his wife and his companies are the beneficial owners of 38,600 Class "B" common shares in accounts with Grant Johnston & Co. Limited, E. T. Lynch & Company Limited and J. P. Cannon & Company Limited. Save as aforesaid, the Company has no knowledge as to the beneficial ownership of the remainder of the shares registered in the names of the above institutions.

<u>Class "A" Shares</u>	<u>Non-voting Shares</u>
J. P. Cannon & Company Ltd.	6,629
Midland-Osler Securities Limited	3,195
*Mrs. Barbara C. Kerr, Executrix of the estate of Claire Edgarda Custance	2,160
Playfair & Co. Limited	2,010
Bache & Company Inc.	1,650

\*Beneficially owned.

The Company is advised that Sakfield Mines & Investments Limited, a public Ontario company, in which Mr. Frederick A. Litwin has a controlling interest, beneficially owns 5,629 Class "A" preference shares in accounts with J. P. Cannon & Company Limited. Save as aforesaid, the Company has no knowledge as to the beneficial ownership of the remainder of the shares registered in the names of the above institutions.



FINANCIAL STATEMENTS

ERIE DIVERSIFIED INDUSTRIES LIMITED  
(formerly Erie Flooring & Wood Products Limited,

ERIE FLOORING & WOOD PRODUCTS LIMITED

INTERIM BALANCE SHEET as at November 30 1968

ASSETS

Current:  
Cash  
Accounts receivable, less allowance  
Advances on material purchase contracts  
Inventory, estimated at the lower of cost or net  
realizable value  
Prepaid expenses

Investments:  
Shares in and advances of \$81,842  
to subsidiaries not consolidated  
Mortgage receivable  
Cash surrender value of life insurance  
Special refundable tax

Fixed, at cost  
Land  
Buildings  
Machinery and equipment  
Motor vehicles

Less - Accumulated depreciation

Approved on behalf of the board

Director  
Director

LIABILITIES

Current:  
Bank loan (secured)  
Accounts payable and accrued liabilities  
Estimated income taxes payable  
Other taxes payable  
Current portion of long-term liability

Long-term:  
7% first mortgage payable to the Industrial  
Development Bank, due 1971  
Less - Current portion

Shareholders' equity:

Capital stock -  
Authorized and issued -  
35,000 class "A" \$.60 cumulative non-voting non-redeemable  
preference shares, no par value  
60,000 class "B" common shares, no par value  
40,000 class "B" common shares, unissued  
Retained income (Schedule 2)

NOTES:

- By supplementary letters patent dated November 21st, 1968 the name of the Company was changed from Erie Flooring & Wood Products Limited to Erie Diversified Industries Limited.
- On December 2nd, 1968 the Company acquired all of the issued and outstanding shares of Twilight Investments Limited carrying on business as "A & A Fabrics" for \$100,000.00 cash and the issuance and allotment of 14,000 Class "B" common shares.

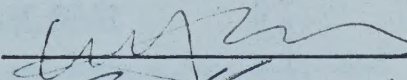
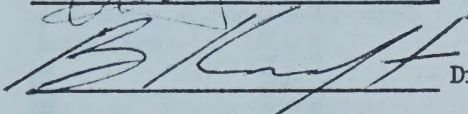


ERIE DIVERSIFIED INDUSTRIES LIMITED formerly  
(ERIE FLOORING & WOOD PRODUCTS LIMITED)

INTERIM INCOME AND RETAINED INCOME STATEMENT  
for the five month period ended November 30 1968

Sales	\$ 1,331,376
Cost of sales, including depreciation of \$18,192	<u>1,190,676</u>
Gross margin	\$ 140,700
Administrative and selling expenses	\$ 93,135
Interest on long-term debt	<u>1,697</u>
	94,832
	\$ 45,868
Dividend from associated company	1,026
Profit on sale of investment	<u>6,448</u>
Net income for the period before income taxes	\$ 53,342
Estimated income taxes	<u>15,600</u>
Net income for the period	\$ 37,742
Balance of retained income at July 1	<u>884,966</u>
Balance of retained income at November 30	<u>\$ 922,708</u>

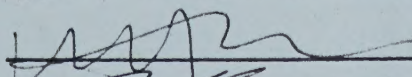
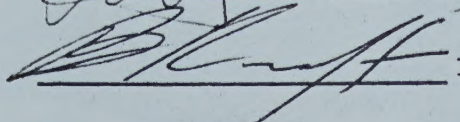
Approved on behalf of the board

 Director  
 Director

SOURCE AND USE OF WORKING CAPITAL STATEMENT  
for the five month period ended November 30 1968

Source of working capital	
Operations-	
Net income	\$ 37,742
Add- expenses not requiring use of working capital-	
Depreciation	<u>18,192</u>
	\$ 55,934
Decrease in investments	28,965
Proceeds from sale of fixed assets	3,768
Total source	<u>\$ 88,667</u>
Use of working capital:	
Purchase of fixed assets	\$ 25,621
Reduction in mortgage payable	<u>5,000</u>
Total use	<u>30,621</u>
Net increase in working capital	\$ 58,046
Working capital at the beginning of period	<u>557,739</u>
Working capital at end of period	<u>\$ 615,785</u>
Current assets	\$ 1,078,332
Current liabilities	<u>462,547</u>
Working capital at end of period	<u>\$ 615,785</u>

Approved on behalf of the board

 Director  
 Director



H. A. BALL & SONS LIMITED

BALANCE SHEET

AS AT OCTOBER 31, 1968

ASSETS

CURRENT ASSETS

Cash  
Accounts receivable  
Shareholders' loan receivable  
Inventory - at the lower of cost or market  
Prepaid expenses and sundry assets

\$ 24,829  
84,931  
138,000  
6,939  
24,448

\$279,147

INVESTMENTS

Bank term notes and savings certificates (note 1)

87,500

FIXED ASSETS - at cost less accumulated depreciation (note 2)

109,267

OTHER ASSETS

Special refundable tax  
Incorporation expense - at cost

\$ 114  
1,500

TOTAL ASSETS

\$477,528

LIABILITIES

CURRENT LIABILITIES

Accounts payable and accrued liabilities  
Payroll deductions and sales tax payable  
Income taxes payable (note 3)

\$ 23,376  
5,294  
28,755

\$ 59,423

TOTAL LIABILITIES

SHAREHOLDERS' EQUITY

CAPITAL STOCK - (note 4)

\$121,500

RETAINED EARNINGS

1,614

418,103

\$477,528

The accompanying notes and accountants' comments to the financial statements form an integral part of this statement and should be read in conjunction therewith.

Approved on the behalf of the Board of Director:

President

INTERIM FIGURES

-1-

Secretary-Treasurer

*W. J. Ball*



H. A. BALL & SONS LIMITED

STATEMENT OF RETAINED EARNINGS

FOR THE TEN MONTHS ENDED OCTOBER 31, 1968

<u>BALANCE</u> - January 1, 1968	\$251,669
<u>ADD</u> - Net profit for the period	<u>44,934</u>
<u>BALANCE</u> - October 31, 1968	<u>\$296,603</u>

The accompanying notes and accountants' comments to the Financial Statements form an integral part of this statement and should be read in conjunction therewith.

*HA Ball*

STATEMENT OF INCOME

FOR THE TEN MONTHS ENDED OCTOBER 31, 1968

<u>SALES</u>			\$584,459
<u>COST OF SALES</u>			
Inventory - January 1, 1968	\$ 7,179		
Purchases	<u>120,915</u>		
	\$128,094		
<u>LESS</u> - inventory - October 31, 1968	<u>6,939</u>	\$121,155	
Wages (yard and drivers)	\$181,418		
Yard and workshop expenses	108,567		
Buying and selling expenses	<u>26,317</u>	<u>316,302</u>	<u>437,457</u>
<u>GROSS PROFIT</u>			\$147,002
<u>ADD:</u> Sundry revenue - interest earned			<u>10,162</u>
			\$157,164
General and administrative expenses	\$ 63,732		
Depreciation (note 3)	<u>14,529</u>	<u>78,261</u>	
<u>PROFIT BEFORE INCOME TAXES</u>			\$ 78,903
Taxes on income (note 3)			<u>33,969</u>
<u>NET PROFIT</u>			<u>\$ 44,934</u>

The accompanying notes and accountants' comments to the Financial Statements form an integral part of this Statement and should be read in conjunction therewith.

INTERIM FIGURES

*HA Ball*



# H. A. BALL & SONS LIMITED

## STATEMENT OF EXPENSES

FOR THE TEN MONTHS ENDED OCTOBER 31, 1968

### YARD AND WORKSHOP

Barrel supplies and expenses	\$62,303	
Light, heat and water	21,820	
Shop and yard expenses	12,444	
Insurance, licenses and taxes	9,989	
Unemployment insurance expense	2,011	<u>\$108,567</u>

### BUYING AND SELLING

Truck expenses	\$ 7,373	
Gasoline and oil	11,962	
Insurance, licenses and taxes	4,282	
Buying expenses	2,387	
Advertising	313	<u>\$ 26,317</u>

### GENERAL AND ADMINISTRATIVE

Management salaries	\$39,420	
Office salaries	12,297	
Canada pension plan	3,040	
Employees' welfare expense	2,815	
General and office expenses	2,930	
Legal and audit	1,825	
Telephone and telegraph	1,630	
Donations	60	
Bank charges	( 405)	
Bad debts - written off	7	
Discounts allowed	113	<u>\$ 63,732</u>

The accompanying notes and accountants' comments to the Financial Statements form an integral part of this Statement and should be read in conjunction therewith.

### NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 1968

#### 1. BANK TERM NOTES AND SAVINGS CERTIFICATES

Bank of Nova Scotia term note - 6%, matures February 7, 1969	\$ 20,000
Bank of Nova Scotia term note - 7%, matures June 24, 1969	30,000
Bank of Nova Scotia Savings Certificate - 4.85% compounded semi-annually, matures May 26, 1971 (maturity value \$50,000.00)	<u>37,500</u>
	<u>\$ 87,500</u>

#### 2. FIXED ASSETS

	Cost	Accumulated Depreciation	Net
Land	\$ 24,117	\$ -	\$ 24,117
Buildings	69,293	36,759	32,534
Sprinkler system	7,950	1,418	6,532
Fence	1,000	397	603
Machinery, equipment and office furniture	183,314	165,430	17,884
Trucks and trailers	67,992	43,281	24,711
Automobiles	15,181	12,295	2,886
	<u>\$368,847</u>	<u>\$ 259,580</u>	<u>\$109,267</u>



### 3. DEPRECIATION AND INCOME TAXES

Income taxes have been reduced in previous years by approximately \$3,450.00 as a result of the Company's policy to claim capital cost allowance in excess of depreciation recorded in the books of account.

### 4. CAPITAL STOCK

Preference - Authorized, 18,000, 5% non-voting,  
non-cumulative, redeemable shares, par value \$10;

Issued and outstanding, 12,000 shares	\$120,000
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Common - Authorized, 20,000, par value \$1;

Issued and outstanding, 1,500 shares	<u>1,500</u>
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	<u>\$121,500</u>
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To be read in conjunction with our  
comments dated November 20, 1968.

#### INTERIM FIGURES

*entall*

## ROTH & WYNSTON

CHARTERED ACCOUNTANTS

PAUL L. ROTH, C.A.  
MICHAEL S. WYNSTON, C.A.

TELEPHONE 787-1707  
SUITE 6  
850 EGLINTON AVE. W.  
TORONTO 10, ONTARIO

November 20, 1968.

To the Shareholders of  
H.A. Ball & Sons Limited,  
61 Leslie Street,  
TORONTO 8, Ontario.

#### ACCOUNTANTS' COMMENTS

The accompanying Balance Sheet and related Statements of Retained Earnings, Income and Expenses have been prepared by us from the books and records of the Company and from supplementary information furnished.

We did not perform an audit of the accounts and did not verify any of the assets, liabilities, revenue and expenses of the Company and accordingly are not in a position to express an opinion on the Financial Statements.

Respectfully submitted,

*Roth & Wynston*

Chartered Accountants.



5. Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners, so state.	See Schedule "B" on page 5.
16. Names, and addresses of persons whose shareholdings are large enough to materially affect control of the company.	Mr. Frederick A. Litwin, the President of the Company, through his shareholdings, is in a position to materially affect the control of the Company.
17. If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost or book value and present market value.	Not applicable
18. Brief statement of any lawsuits pending or in process against company or its properties.	Not applicable
19. The dates of and parties to and the general nature of every material contract entered into by the company which is still in effect and is not disclosed in the foregoing.	Employment contract dated December 14, 1968 between the Company and Gabriel Gat, for a term of 12 years. Employment contract dated November 29, 1968 between the Company, Twilight Investments Limited and Arthur Applebaum for a term of 10 years.  The Board of Directors of the Company has approved an incentive stock option to Gabriel Gat subject to acceptance for filing by the Toronto Stock Exchange.
20. Statement of any other material facts and if none, so state. Also state whether any shares of the company are in the course of primary distribution to the public.	There are no other material facts. None of the shares of the Company are presently in the course of primary distribution to the public.

DATED January 14, 1969.

#### CERTIFICATE OF THE COMPANY

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs and there is no further material information applicable. (To be signed by two principal signing officers who are directors and the corporate seal to be affixed.)

ERIE DIVERSIFIED INDUSTRIES LIMITED

Per: Frederick A. Litwin, President -

CORPORATE  
SEAL

Per: W. H. Giles, Secretary-Treasurer --

#### CERTIFICATE OF UNDERWRITER OR OPTIONEE

To the best of my knowledge, information and belief, the foregoing, together with the financial information and the reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above in respect of the company's affairs. Concerning matters which are not within my knowledge, I have relied upon the accuracy and adequacy of the information supplied to me by the company. (To be signed by underwriter or optionee registered with the Ontario Securities Commission or a corresponding body.)



THE EXCHANGE HAS NEITHER APPROVED NOR DISAPPROVED THE INFORMATION CONTAINED IN THIS AMENDING FILING STATEMENT, WHICH IS A REPRODUCTION OF THE ORIGINAL FILED WITH THE EXCHANGE BY THE COMPANY AND IS ISSUED FOR INFORMATION PURPOSES ONLY. THIS AMENDING FILING STATEMENT IS NOT TO BE REPRODUCED IN WHOLE OR IN PART WITHOUT THE WRITTEN APPROVAL OF THE TORONTO STOCK EXCHANGE.

# THE TORONTO STOCK EXCHANGE

6/3/69  
27/3/69  
3/4/69  
14/4/69  
17/4/69  
8/5/69

AMENDING FILING STATEMENT NO. 360.  
FILED, MAY 30th, 1969

ERIE DIVERSIFIED INDUSTRIES LIMITED

Full corporate name of Company

## AMENDING FILING STATEMENT

(To be filed with respect to any change in a Filing Statement filed within a period of six months)

To be read in conjunction with Filing Statement No. 1667 dated February 12, 1969

1. Brief statement of the material change in the affairs of the company in respect of which this statement is filed.	See Schedule "A" on pages 2 to 7.																								
3. Names, addresses and chief occupations for the past five years of present or proposed officers and directors.	Mr. Frederick A. Litwin is no longer a broker-dealer having voluntarily surrendered his licence as of November, 1968. Mr. J.O. McCutcheon has been appointed a Director of the Company effective April 28th, 1969. See Schedule "A" (d) on page 6.																								
4. Share capitalization showing authorized and issued and outstanding capital.	The authorized capital consists of 300,000 common shares, no par value and 450,000 Class "A" preference shares, no par value of which 227,000 and 145,000 are issued and outstanding respectively.																								
5. Particulars in respect of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.	<p>There is a promissory note outstanding in the sum of \$220,000.00 payable to Cecil A. Ball, Norman Ball and E. Ball being due on the 13th of February, 1974 and being repayable interest only half-yearly at the rate of 6% per annum.</p> <p>There is a First Mortgage of \$55,000.00 outstanding payable to the Industrial Development Bank, being due in 1971 and bearing interest at the rate of 7% per annum.</p>																								
6. Details of any treasury shares or other securities now the subject of any underwriting, sale or option agreement or of any proposed underwriting, sale or option agreement.	The Company has agreed to sell by way of private placement pursuant to Section 19 (3) of The Securities Act (Ontario) 10,000 Class "A" preference shares and 5,000 common shares at \$20.00 per share to Nordic Mines & Investments Limited, Suite 2200, 401 Bay St., Toronto and Sakfield Mines & Investments Limited, Suite 2106, 401 Bay Street, Toronto 1, Ontario (See Item (a) Schedule "A" on pages 2 and 3. This transaction has now been completed.																								
7. Names and addresses of persons having any interest, direct or indirect in underwritten or optioned shares or other securities or assignments, present or proposed, and, if any assignment is contemplated, particulars thereof.	<p>Sakfield Mines &amp; Investments Limited and Nordic Mines &amp; Investments Limited (See Item (a) and Item 6 hereof) which are public mining and investment companies will have an interest in the 15,000 shares being purchased under private placement.</p> <p>The following persons have stock options in the Company:</p> <table><tr><th>NAME</th><th>CLASS "A" SHARES</th><th>COMMON SHARES</th></tr><tr><td>Gabriel Gat</td><td>300</td><td></td></tr><tr><td>Frederick A. Litwin</td><td></td><td>7,500</td></tr><tr><td>Morton Litwin</td><td></td><td>500</td></tr><tr><td>Arthur Applebaum</td><td>450</td><td>300</td></tr><tr><td>Ian Cruickshank</td><td>300</td><td></td></tr><tr><td>Robert Walker</td><td>600</td><td></td></tr><tr><td>William H. Giles</td><td></td><td>540</td></tr></table> <p>all of the above shares under stock option are exercisable at \$10.00 per share. The term of the options granted may not exceed 10 years and any option so granted shall be exercisable by the Optionee only to the extent of 10% of the option so granted in any one year.</p>	NAME	CLASS "A" SHARES	COMMON SHARES	Gabriel Gat	300		Frederick A. Litwin		7,500	Morton Litwin		500	Arthur Applebaum	450	300	Ian Cruickshank	300		Robert Walker	600		William H. Giles		540
NAME	CLASS "A" SHARES	COMMON SHARES																							
Gabriel Gat	300																								
Frederick A. Litwin		7,500																							
Morton Litwin		500																							
Arthur Applebaum	450	300																							
Ian Cruickshank	300																								
Robert Walker	600																								
William H. Giles		540																							



Erie Diversified Industries Limited,  
Amending Filing Statement dated  
March 25th, 1969  
Amended May 15th, 1969.

SCHEDULE "A"

MATERIAL CHANGES:

(a) Sale by way of private placement of 15,000 shares (10,000 Class "A" and 5,000 common) at \$20.00 per share (See Item 6 herein);

(b) Acquisition of all of the assets, goodwill and undertaking of Lanark Furniture Company (See Schedule "A" attached);

(c) Application for listing of:

(i) 24,750 Class "A" shares forming part of the Debenture to Lanark Furniture Company (See Schedule "A" attached);

(ii) 11,100 common shares and 5,250 Class "A" shares pursuant to an Incentive Stock Option Plan created on the 7th day of January, 1969;

(iii) 10,000 Class "A" shares and 5,000 common shares as subject to the private placement (See Item 6 herein);

(d) Acquisition of all of the issued and outstanding shares of Stitsky's Textile Centre Limited, Cedarbrae Fabrics & Drapery Limited and Nortown Fabric & Drapery Centre Limited. (See Schedule "A" attached).

(a) PRIVATE PLACEMENT

On March 24th, 1969 the Company agreed to sell by way of private placement pursuant to Section 19 (3) of The Securities Act (Ontario) 10,000 Class "A" shares and 5,000 common shares at \$20.00 per share to Nordic Mines & Investments Limited, Suite 2200, 401 Bay Street, Toronto 1, Ontario and Sakfield Mines & Investments Limited, Suite 2106, 401 Bay Street, Toronto 1, Ontario respectively. Nordic Mines & Investments Limited and Sakfield Mines & Investments Limited are both public mining and investment companies the shares of which are widely distributed and to the knowledge of the Company the only person or persons owning a greater than 5% interest in



Schedule "A"

Nordic Mines & Investments Limited is W. G. Leliever, R.R. #2 Derry Road West, Streetsville, Ontario and in Sakfield Mines & Investments Limited, Frederick A. Litwin, the President of the Company, 95 Old Colony Road, Willowdale, Ontario,

(References made to undertakings on page 8.

(b) LANARK ACQUISITION:

By an Agreement in writing dated the 5th day of February, 1969 the Company, as "Optionee" obtained an option from Lanark Furniture Company, a limited partnership consisting of Lanark Furniture Company Limited, Lanark Furniture Manufacturing Limited, the Charles Caplan Trust and the Meyer Goldhar Trust, (therein and hereinafter collectively referred to as the "Optionors") and Charles Caplan (therein and hereinafter referred to as "Caplan") and Meyer Goldhar (therein and hereinafter referred to as "Goldhar") to purchase all of the assets, goodwill, trade name, etc, of the Optionors. The Agreement provides for a purchase price of \$1,050,000.00 which is payable as follows: \$25,000.00 is to be paid on the exercise of the option (which sum has been paid and the option has been exercised) which sum shall be deductible from the further sum of \$500,000.00 payable by cash or certified cheque on the closing date and the balance of the purchase price is to be secured by a \$500,000.00 non-interest bearing convertible, redeemable Debenture (therein and hereinafter referred to as the "convertible Debenture") and a \$50,000.00 non-interest bearing, redeemable Debenture (therein and hereinafter referred to as the "two year Debenture").

The Agreement provides for the incorporation of a new company "Lanark Furniture (1969) Limited" (hereinafter referred to as "Newco"); Newco will acquire on the closing date all of the assets, goodwill, trade name, etc of the Optionors. Erie will on the closing date, lend Newco \$500,000.00 for the purpose of providing Newco with the funds required to close the above transaction and the said loan will be secured by a promissory note (therein and hereinafter referred to as the "Erie note") in favour of the Company and such note shall become due and be payable subsequent to the convertible Debenture and the two year



Schedule "A"

Debenture.

Newco will issue to the Optionors the convertible Debenture convertible into Class "A" shares of the Company on the following basis: the holder has the right to convert the Debenture into a total of 24,750 Class "A" shares as follows: 40% of the Debenture may be converted after 12 months from the date of the Debenture into 9,900 Class "A" shares of the Company provided, however, that any conversion permitted but unexercised at the end of the 1st year may be exercised at any time during the 2nd year of the Debenture; the holder has the additional right to convert another 40% of the Debenture into 9,900 Class "A" shares at the end of two years of the date of the Debenture; provided further, that the holder must notify the Company in writing at least 3 months prior to the first redemption date (therein and hereinafter defined as "that date being two years and two months from the date of the Debenture") of the holders election to convert and if such election to convert is given, the holder shall specify the percentage of conversion desired up to a maximum of 19,800 Class "A" shares; and provided further, that if no such notice of election to convert is given as aforesaid, then the holder thereupon forfeits any and all unexercised rights to convert that portion of the Debenture given by the Company save and except the holders right to convert the remaining 20% of the Debenture into 4,950 Class "A" shares of the Company after 4 years and 6 months from the date of the Debenture.

Subject to the provisions of conversion set forth above, Newco must redeem 80% of the convertible Debenture on the first redemption date on the following basis:

(a) if the holder has not exercised its option to convert the Debenture into Class "A" shares of the Company and if the holder has met its "guarantee of income" (as therein and as herein described under the caption "guarantee of income") Newco shall pay to the holder on the first redemption date the sum of \$400,000.00 by cash or certified cheque and after payment of this sum the balance of the Debenture being \$100,000.00 shall, subject to the right to convert (i.e. 20% after 4 years 6 months into



Schedule "A"

4,950 Class "A" shares of the Company) shall become due and be payable by the Company to the holder at the end of 5 years from the date of the Debenture (therein and hereinafter referred to as the "final redemption date");

(b) if the holder hereof has elected not to convert and if the guarantee of income has not been met or complied with then Newco shall pay to the holder on the first redemption date the sum of \$240,000.00 in cash or certified cheque and Newco shall then only be responsible to pay to the holder on the final redemption date the sum of \$60,000.00 subject always to the conversion rights hereinbefore stated;

(c) provided, however, that if the holder hereof converts a portion of this Debenture into Class "A" shares of the Company prior to the first redemption date, then Newco shall be responsible to pay to the holder on the first redemption date a sum of money to be adjusted proportionately having regard to that percentage of the Debenture which the holder hereof elected to convert; (e.g. if prior to the first redemption date the holder hereof elects to convert 40% of this Debenture into Class "A" shares of the Company then Newco shall be responsible to pay to the holder hereof on the first redemption date such sum of money as may be determined having regard to sub-paragraphs (a) and (b) above but reduced by 40% or as the case may be); provided, however, that any such cash payment is subject to the guarantee of income hereinafter set forth.

GUARANTEE OF INCOME

The holders of the convertible Debenture and the two year Debenture have guaranteed the profits of Lanark Furniture Company for 2 years from the date of closing on the following basis: the holders agreed to produce from the said business such net profits of the said business that if the same were averaged over the said two year period, they would equal at least an average net profit per year, after depreciation and before taxes, of \$181,500.00; provided, however, that if the holders hereof fail to produce the aforesaid net profit and provided that there has been no conversion into Class "A" shares as hereinbefore stated then the principal of the convertible Debenture shall be reduced by the sum of \$200,000.00; provided, however, that if a portion



of the convertible Debenture has been converted then the \$200,000.00 (therein and hereinafter referred to as "liquidated damages") shall be reduced by such percentage as has been converted.

Caplan and Goldhar will each deliver to Newco on the closing date employment contracts for 5 years. The Company has agreed to grant incentive employee stock options to Caplan and Goldhar or to full time employees of Lanark Furniture Company up to a maximum of 3,900 Class "A" shares and the price of such option shall be 90% of the last price at which the Class "A" shares were traded on February 5th, 1969.

The two year Debenture bears no interest and is repayable two years from the date of closing and will be guaranteed and secured in the same manner as the convertible Debenture and shall rank pari passu with the aforesaid convertible Debenture.

(c) LISTING OF ADDITIONAL SHARES:

The Company intends to make application for listing of 24,750 Class "A" shares which are the subject of the convertible Debenture to Lanark Furniture Company. As stated in Item (b) above, 9,900 shares may be exercised after 12 months of the date of the convertible Debenture, a further 9,900 shares may be converted two years after the date of the Debenture and an additional 4,950 shares may be converted four years and six months after the date of the Debenture.

(d) FIVE YEAR RESUME OF DIRECTOR J.O. McCUTCHEON

Mr. McCutcheon is Chairman of Magna Electronic Corp. Ltd., President of Canlin Ltd. and a director of Weldwood of Canada Ltd. He is a Professor and Chairman of the Department of Civil Engineering and Applied Mechanics at McGill University. His address is 4070 Trafalgar Road, Montreal 218, Quebec.

(e) ACQUISITION OF STITSKY'S, CEDARBRAE AND NORTOWN COMPANIES

By an agreement in writing dated the 25th day of April, 1969 Erie Diversified Industries Limited agreed to purchase all the issued and outstanding shares of Stitsky's Textile Centre Limited, comprising three companies. Erie incorporated a new company, Stitsky's Textile Centre (1969) Limited with all the rights and obligations of Erie being assigned to this new company. In return Erie will purchase a thousand (1,000) shares in the new company for \$554,000.00 which represents the following:

1. \$359,000.00 in cash;
2. An assignment of a \$10,000.00 deposit, paid by Erie on behalf of the new company on the execution of the agreement;
3. Two promissory notes for \$50,000.00 due one and two years respectively after closing;
4. A third promissory note for \$85,000.00 payable three years after closing.



The new company, Stitsky's Textile Centre (1969) Limited will purchase the shares of the three existing companies and pay the Vendors \$359,000.00 by cash/<sup>or</sup>certified cheque on closing and deliver the three aforementioned promissory notes duly endorsed, which promissory notes shall bear no interest up to and including maturity but will bear interest at the rate of 12% per annum following maturity if/<sup>unpaid.</sup>

On the closing date Mr. William Bernstein and Mr. Morris Zimmerman will purchase from Erie (200) common shares of the new company representing 20% and pay to Erie on the closing date a total of \$106,000.00 by cash or certified cheque. The Vendors have also agreed to cause their realty company to pay Stitsky's the sum of \$103,000.00 of the \$130,106.68 owing by such realty company to Stitsky's and the balance of \$27,106.68 to be repaid within thirty-six (36) months after the closing date. Such balance will be secured by non-interest bearing promissory note signed by the realty company and guaranteed by its principals. There is presently a loan to Mr. Zimmerman and Mr. Bernstein in the amount of \$14,758.82 which will be repaid to Stitsky's within thirty-six (36) months within the date of closing. Messrs. Bernstein and Zimmerman will each deliver to Stitsky's Textile Centre (1969) Limited on the closing date employment contracts for five (5) years at an annual salary of \$12,500.00 each per annum payable to each in weekly instalments. As part of the employment contract Erie has agreed to grant to Messrs. Zimmerman & Bernstein under their existing stock option plan to purchase 400 Class "A" preference shares each. The term of the stock option will be for 10 years to expire on the earliest of; (i) ten years from date of the granting of the option; (ii) one year after the optionee's death; (iii) upon termination of employment of any for just cause; (iv) upon the expiration of three (3) months following any other termination of employment. These options shall not be transferable, but in the event of death of the optionee they may be exercised by the personal representatives of the deceased during a period of one year following the death of the optionee such options as granted shall be exercisable by the optionee only to the extent of ten (10%) per cent of the option so granted in any one (1) year. The option price for any option granted shall be not less than 90% of the last price in which the class "A" Preference shares were traded on The Toronto Stock Exchange on the last business-day prior to the date in which such option is granted and for the purpose of this agreement the "effective date" for determining the price of the stock option will be the date of execution of the employment contract.



TO: THE TORONTO STOCK EXCHANGE

FROM: NORDIC MINES & INVESTMENTS LIMITED

Re: Private Placement (Erie Diversified  
Industries Limited) pursuant to Section 19  
(3) of the Securities Act, 1966

---

The undersigned hereby irrevocably undertake to hold for investment purposes for a period of six (6) months from the 24th of March, 1969 the Ten Thousand (10,000) Class "A" shares of Erie Diversified Industries Limited being purchased by Nordic Mines & Investments Limited.

DATED the 23<sup>rd</sup> day of April, 1969.

IN WITNESS WHEREOF the undersigned have hereunto caused to be affixed their corporate seal attested by the hands of their respective signing officer authorized in that behalf both on the day and year above written.

NORDIC MINES & INVESTMENTS LIMITED

Per: L. S. Lingden  
President.

TO: THE TORONTO STOCK EXCHANGE

FROM: SAKFIELD MINES & INVESTMENTS LIMITED

Re: Private Placement (Erie Diversified  
Industries Limited) pursuant to Section  
19 (3) of the Securities Act, 1966.

---

The undersigned hereby irrevocably undertake to hold for investment purposes for a period of six (6) months from the 24th of March, 1969 Five Thousand (5,000) common shares of Erie Diversified Industries Limited being purchased by Sakfield Mines & Investments Limited.

DATED the 22<sup>nd</sup> day of April, 1969.

IN WITNESS WHEREOF the undersigned have hereunto caused to be affixed their corporate seal attested by the hands of their respective signing officer authorized in that behalf both on the day and year above written.

SAKFIELD MINES & INVESTMENTS LIMITED

PER: Max Kueh  
President



## FINANCIAL STATEMENTS

**ERIE DIVERSIFIED INDUSTRIES LIMITED**

## COMBINED PRO FORMA BALANCE SHEET

DECEMBER 31, 1968

A S S E T S		Erie Flooring and Wood Products Ltd.		H.A. Ball & Sons Limited		A & A Fabrics		Lanark Furniture		Stitsky's Textiles		Adjustments and Eliminations		Combined Pro Forma	
												Debit		Credit	
Current Assets												(1) \$ 300,000		(2) \$ 340,000	
Cash	\$ 28,780	\$ 116,263	\$ 126	\$ 24,098	\$ 35,004	(5) 138,000	(4) 500,000	(7) 300,000						\$ 102,271	
Accounts receivable less allowance for doubtful accounts	448,093	70,836	37,199	352,541	40,010									948,679	
Advances on material purchase contracts	46,787													46,787	
Inventories	579,457	10,924	205,646	104,100	458,297									1,358,424	
Prepaid and sundry assets	28,554	22,110	3,165	7,453	13,287									74,569	
Loans receivable				44,103	130,107									44,103	
Shareholders loan receivable		138,000			14,759									138,000	
														14,759	
	\$ 1,131,671	\$ 358,133	\$ 246,136	\$ 532,295	\$ 691,464									\$ 2,572,596	
Investments															
Investment in and advances to unconsolidated subsidiary companies - at cost	\$ 169,209													100,000	\$ 69,209
Deposit on option to purchase	60,000													60,000	
	\$ 229,209														
Fixed Assets - at cost	\$ 775,667	\$ 364,372	\$ 11,319	\$ 93,858	\$ 67,432										\$ *1,312,648
Less: Accumulated depreciation	485,351	258,011	3,475	57,219	46,362										850,418
	\$ 290,316	\$ 106,361	\$ 7,844	\$ 36,639	\$ 21,070										\$ 462,230
															</



ADJUSTMENTS AND ELIMINATIONS

DECEMBER 31, 1968

	<u>Debit</u>	<u>Credit</u>
(1)		
Cash	\$ 300,000	
Capital Stock		\$ 300,000
To record issuance of 30,000 Class "A" preference shares at \$10.00 per share subsequent to December 31, 1968		
(2)		
Goodwill	204,772	
Deposit on option to purchase		\$ 60,000
Cash		340,000
Note payable 6%		220,000
Capital Stock	121,500	
Retained Earnings	293,728	
To record acquisition of shares of H.A. Ball & Sons in February 1969		
(3)		
Goodwill	125,815	
Capital Stock	10,403	
Retained Earnings	33,782	
Investment in and advances to subsidiary companies		100,000
capital stock		70,000
To record acquisition of shares of A & A Fabrics December 1, 1968		
(4)		
Goodwill	792,220	
Retained Earnings	257,780	
Cash		500,000
Debenture payable		550,000
To record proposed acquisition of net assets of Lenark Furniture		
(5)		
Cash	138,000	
Shareholders loan receivable		138,000
To record repayment of loans in February 1969		
(6)		
Loans payable	44,103	
Loans receivable		44,103
to transfer		
(7)		
Cash	300,000	
Capital stock		300,000
To record issuance of 10,000 Class "A" preference shares and 5,000 common shares subsequent to December 31, 1968 at \$20.00 per share		

ADJUSTMENTS AND ELIMINATIONS

DECEMBER 31, 1968

(8)		
Goodwill	<u>\$ 259,094</u>	
Capital Stock	5,903	
Retained Earnings	230,230	
Bank Loan		\$ 160,000
Notes Payable		185,000
Minority Interest		47,227
Loan Receivable		103,000
To record acquisition of shares of Stitsky's Textiles Limited at May 30, 1969 and subsequent repayment of loan receivable of \$103,000		



ERIE DIVERSIFIED INDUSTRIES LIMITED

COMBINED PRO FORMA STATEMENT OF PROFIT AND LOSS

DECEMBER 31, 1968

	Erle Flooring and Wood Products Ltd.	H.A. Ball & Sons Limited	A & A Fabrics	Lanark Furniture	Stitsky's Textiles	Combined Pro Forma
Sales	\$ 2,787,888	\$ 682,469	\$ 518,394	\$ 1,807,198	\$ 1,839,001	\$ 7,634,950
Cost of Sales	\$ 2,422,254	\$ 491,511	\$ 392,852	\$ 1,335,559	\$ 1,292,698	\$ 5,934,874
Administrative and selling expenses	178,857	111,020	89,688	277,145	476,068	1,132,778
Interest on long term debt	5,086	-	-	-	-	5,086
Depreciation	48,936	17,435	1,701	14,038	5,595	87,795
	\$ 2,655,132	\$ 619,966	\$ 484,331	\$ 1,626,742	\$ 1,774,361	\$ 7,160,533
	\$ 132,755	\$ 62,503	\$ 34,063	\$ 180,456	\$ 64,640	\$ 474,417
Sundry income	5,830	9,941	5,653	-	-	21,434
NET INCOME BEFORE TAXES	\$ 138,585	\$ 72,444	\$ 39,726	\$ 180,456	\$ 64,640	\$ 495,851
Estimated Income Taxes	60,000	28,885	11,213	80,000	22,974	203,067
NET INCOME BEFORE MINORITY INTEREST	\$ 78,585	\$ 43,559	\$ 28,513	\$ 100,456	\$ 41,666	\$ 292,784
Less: Minority Interest					8,333	8,333
NET INCOME					\$ 33,333	\$ 284,451



ERIE DIVERSIFIED INDUSTRIES LIMITED

NOTES TO COMBINED PRO FORMA STATEMENTS

DECEMBER 31, 1968

1. The combined pro forma statements include the following companies:

- (a) Erie Flooring & Wood Products Limited as at December 31, 1968 (profit and loss for the year ended June 30, 1968)
- (b) H.A. Ball & Sons Limited as at December 31, 1968 (profit and loss for the year ended December 31, 1968)
- (c) A & A Fabrics as at December 31, 1968 (profit and loss for the year ended November 30, 1968)
- (d) Lanark Furniture Company as at December 31, 1968 (profit and loss for the year ended December 31, 1968)
- (e) Stitsky's Textiles Limited as at October 31, 1968 (profit and loss for the year ended October 31, 1968)

2. The statements also include the issuance of 40,000 presently constituted Class "A" Preference Shares and 5,000 presently constituted common shares for a cash consideration of \$600,000.

3. The present capital of parent company is as follows:

AUTHORIZED		
Class "A" Preference shares	n.p.v.	450,000 shares
Common	n.p.v.	300,000 shares

ISSUED		
Class "A" Preference shares		145,000 shares
Common		227,000 shares

4. The wholly-owned subsidiaries Esskay Floors Limited and Bopal Developments Limited have not been included because of their insignificant value.

5. \$500,000 of the debentures payable are convertible over a five year period from April 1969 subject to certain conditions into 24,750 presently constituted Class "A" preference shares.

6. There are stock options on 11,100 presently constituted common shares and 5,250 presently constituted Class "A" preference shares set aside for company executives and employees exercisable at not less than 90% of the last price at which the shares were traded on the Toronto Stock Exchange on the last business day prior to the date which an option is granted. Options will be exercisable over a ten year period.

There were options granted pursuant to the above plan to 7 employees of the company to purchase 4,350 Class "A" preference shares as presently constituted and 9,300 common shares as presently constituted at \$10.00 per share exercisable over a ten year period.



LANARK FURNITURE COMPANY  
BALANCE SHEET  
AS AT DECEMBER 31, 1968  
(With Comparative Figures as at December 31, 1967)

	<u>1968</u>	<u>1967</u>
<u>A S S E T S</u>		
<u>Current</u>		
Cash and bank balances	\$ 24,098	\$ 22,086
Accounts receivable (Less: Provision for doubtful accounts - 1968 - \$1,527; 1967 - \$4,534) (Note #1)	352,541	288,102
Loans Receivable	44,103	36,928
Merchandise Inventory	104,100	96,438
Prepaid expenses	7,453	4,520
	<u>\$532,295</u>	<u>\$448,074</u>
<u>Fixed</u>		
Machinery and Equipment (Note #2)	\$ 48,968	\$ 46,482
Tenant's Improvements	7,057	7,057
Cars	25,476	20,083
Truck	12,357	12,357
	<u>\$ 93,858</u>	<u>\$ 85,979</u>
<u>Less: Accumulated Depreciation</u>	<u>57,219</u>	<u>48,603</u>
	<u>\$ 36,639</u>	<u>\$ 37,376</u>
<u>Other</u>		
Goodwill	\$ 72,000	\$ 72,000
	<u>\$640,934</u>	<u>\$557,450</u>

LIABILITIES AND NET WORTH

<u>Current Liabilities</u>		
Bank loan	\$ -	\$ 35,000
Outstanding cheques	34,751	44,867
Accounts payable and accruals	142,964	104,147
Sales taxes payable	22,390	17,663
Salesmen's balances	9,856	6,061
Employees' tax deductions	12,259	9,367
Loans payable	9,903	-
Charles Caplan (1964) Limited	34,881	67,381
Meyer Goldhar (1964) Limited	36,060	68,560
	<u>\$303,064</u>	<u>\$353,046</u>
<u>Net Worth</u>		
<u>Balance at beginning of year</u>	\$204,404	\$193,529
<u>Add: Net profit for year</u>	<u>180,456</u>	<u>89,315</u>
	\$384,860	\$282,844
<u>Less: Withdrawals for year</u>	<u>46,990</u>	<u>78,440</u>
<u>Balance at end of year</u>	<u>\$337,870</u>	<u>\$204,404</u>
	<u>\$640,934</u>	<u>\$557,450</u>

Approved:



LANARK FURNITURE COMPANY

SUMMARY OF NET WORTH

FOR YEAR ENDED DECEMBER 31, 1968

	Lanark Furniture Company Limited	Lanark Furniture Manufacturing Limited	The Charles Caplan Trust	The Meyer Goldhar Trust	Total
Balance - January 1, 1968	\$20,658	\$20,658	\$ 81,544	\$ 81,544	\$204,404
Add: Share of Net Profit for year	<u>36,091</u>	<u>36,091</u>	<u>54,137</u>	<u>54,137</u>	<u>180,456</u>
	\$56,749	\$56,749	\$135,681	\$135,681	\$384,860
Less: Withdrawals for year	<u>14,075</u>	<u>14,075</u>	<u>9,420</u>	<u>9,420</u>	<u>46,910</u>
Balance - December 31, 1968	<u>\$42,674</u>	<u>\$42,674</u>	<u>\$126,261</u>	<u>\$126,261</u>	<u>\$337,870</u>

GLICK & LEVINE - CHARTERED ACCOUNTANTS

LANARK FURNITURE COMPANY  
INCOME STATEMENT  
FOR YEAR ENDED DECEMBER 31, 1968  
(With Comparative Figures for Year Ended December 31, 1967)

	<u>1968</u>	<u>1967</u>
<u>SALES</u>	<u>\$1,807,198</u>	<u>\$1,370,122</u>
<u>COST OF SALES</u>		
Inventory of Finished Goods at beginning	\$ 15,578	\$ 24,447
Cost of Good Manufactured	1,339,160	1,043,486
Purchases - Finished Goods	<u>4,660</u>	<u>505</u>
	\$1,359,398	\$1,068,438
<u>Less: Inventory of Finished Goods at end</u>	<u>23,839</u>	<u>15,578</u>
	<u>\$1,335,559</u>	<u>\$1,052,860</u>
<u>GROSS TRADING PROFIT</u>	<u>\$ 471,639</u>	<u>\$ 317,262</u>
SELLING AND DELIVERY EXPENSES	\$ 148,063	\$ 111,035
GENERAL AND ADMINISTRATIVE EXPENSES	129,199	101,713
FINANCIAL COSTS	<u>(117)</u>	<u>852</u>
	<u>\$ 277,145</u>	<u>\$ 213,600</u>
<u>NET PROFIT Before Provision for Depreciation and Income Taxes</u>	<u>\$ 194,494</u>	<u>\$ 103,662</u>
<u>Less: Depreciation of Fixed Assets</u>	<u>14,038</u>	<u>14,347</u>
<u>NET PROFIT Before Income Taxes</u>	<u>\$ 180,456</u>	<u>\$ 89,315</u>

FOR YEAR ENDED DECEMBER 31, 1968  
(With Comparative Figures for Year Ended December 31, 1967)

	<u>1968</u>	<u>1967</u>
<u>MATERIAL COST</u>		
Inventory of raw materials and goods in process at beginning	\$ 80,860	\$ 88,538
Merchandise purchases	<u>947,154</u>	<u>712,227</u>
	\$1,028,014	\$ 800,765
<u>Less: Inventory of Raw materials and goods in process at end</u>	<u>80,261</u>	<u>80,860</u>
	<u>\$ 947,753</u>	<u>\$ 719,905</u>
<u>LABOUR COSTS</u>		
Factory wages	\$ 268,274	\$ 208,276
Outside labour	<u>1,714</u>	<u>1,164</u>
	<u>\$ 269,988</u>	<u>\$ 209,440</u>
<u>EMPLOYEES' BENEFITS</u>		
Group insurance	\$ 9,232	\$ 7,793
Workmen's Compensation	3,741	3,825
Pension plan contributions	3,478	3,125
Unemployment insurance	<u>2,728</u>	<u>2,132</u>
	<u>\$ 19,179</u>	<u>\$ 16,875</u>
<u>MANUFACTURING OVERHEAD</u>		
Foremen's wages	\$ 34,262	\$ 32,056
Rent	33,000	33,000
Taxes (other than income)	18,166	17,904
Light, heat and water	6,327	6,297
Factory expenses	6,157	4,070
Machinery repairs and upkeep	1,515	1,239
Machinery rental	250	419
Insurance	1,912	1,205
Travelling expenses	651	174
Styling	<u>-</u>	<u>902</u>
	<u>\$ 102,240</u>	<u>\$ 97,266</u>
<u>COST OF GOODS MANUFACTURED</u>	<u>\$1,339,160</u>	<u>\$1,043,486</u>



LANARK FURNITURE COMPANY  
OTHER EXPENSES  
FOR YEAR ENDED DECEMBER 31, 1968  
(With Comparative Figures for Year Ended December 31, 1967)

	<u>1968</u>	<u>1967</u>
<u>SELLING AND DELIVERY EXPENSES</u>		
Salesmen's salaries and commissions	\$ 91,659	\$ 66,365
Cartage and freight	2,605	2,815
Delivery wages	10,176	5,730
Advertising	18,529	20,120
Selling expenses	11,379	9,643
Travelling expenses	417	470
Car and Truck expenses	12,826	5,262
Showroom expenses	63	14
Pension plan contributions	409	616
	<u>\$148,063</u>	<u>\$111,035</u>
<u>GENERAL AND ADMINISTRATIVE EXPENSES</u>		
Executive salaries	\$ 85,000	\$ 55,000
Office salaries	21,528	20,146
General and office expenses	4,299	3,372
Printing and stationery	2,816	3,695
Postage	2,252	1,809
Legal, Audit and collection	6,784	6,174
Telephone and telegrams	3,166	2,668
Donations	5,900	4,220
Pension plan contributions	441	419
Bad debts - Written off	175	5,484
Bad debts - Provision - Increase (Decrease)	(3,007)	(470)
	<u>\$129,354</u>	<u>\$102,517</u>
Less: Bad debts recovered	<u>155</u>	<u>804</u>
	<u>\$129,199</u>	<u>\$101,713</u>
<u>FINANCIAL COSTS</u>		
Discounts allowed	\$ 7,344	\$ 5,493
Bank charges	3,828	4,136
	<u>\$ 11,172</u>	<u>\$ 9,629</u>
Less: Discounts earned	<u>11,289</u>	<u>8,777</u>
	<u>\$ (117)</u>	<u>\$ 852</u>
<u>DEPRECIATION ON:</u>		
Plant and Equipment	\$ 3,774	\$ 4,925
Tenant's Improvements	1,411	1,411
Cars	6,605	4,800
Truck	2,248	3,211
	<u>\$ 14,038</u>	<u>\$ 14,347</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED DECEMBER 31, 1968.

- The bank holds a General Assignment of Book Debts and an Assignment of Inventory under Section 88 of the Bank Act for loans which the company incurs from time to time during the year.
- Included in Machinery and Equipment are Class 19 assets (as defined in the Income Tax Regulations) totalling to \$11,227 acquired during the years 1964 to 1966. These assets, subject to accelerated depreciation, have been totally depreciated by the end of the 1967 fiscal year and are so reflected on these financial statements.  
  
The other fixed assets have been depreciated at maximum rates as allowed by the Income Tax Regulations.
- Since this Company is a partnership, no provision has been made in these financial statements for income tax liability of the partners.

AUDITORS' REPORT

To the Partners of  
Lanark Furniture Company;

We have examined the Balance Sheet of Lanark Furniture Company as at December 31, 1968 and the Income Statement and Summary of Net Worth for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, subject to the basis of depreciation as set out in Note 2, the financial statements present fairly the financial position of the Company as at December 31, 1968 and the results of its operations for the year ended on that date in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*Glick & Levine*

Toronto, Canada,  
February 14, 1969

Chartered Accountants.

GLICK & LEVINE - CHARTERED ACCOUNTANTS



CEDARBRAE FABRICS AND DRAPERY LIMITEDTORONTOONTARIO

BALANCE SHEET AS AT OCTOBER 31, 1968

(1)

A S S E T SCURRENT ASSETS

Cash on Hand	\$ 90.00	
Balance in Bank	5,727.49	
Outstanding Deposit	1,151.68	
Accounts Receivable	1,483.77	
Inventory (Note 1.)	36,358.25	
Prepaid Expenses	340.03	\$45,151.22

FIXED ASSETS (Statement #5)		2,456.33
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Organization Expense		441.25
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TOTAL ASSETS		\$48,048.80
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L I A B I L I T I E S     A N D  
S H A R E H O L D E R S '     E Q U I T Y

CURRENT LIABILITIES

Outstanding Cheques	\$ 3,600.00	
Sales Taxes Payable	1,004.01	
Employees Payroll Deductions	202.20	
Accrued Liabilities	1,420.16	
Federal Income Tax	\$2,569.09	
Provincial Corporation Tax	917.74	3,486.83
		\$ 9,713.20

Stitsky's Textile Centre Limited		9,924.53
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SHAREHOLDERS' EQUITYCAPITAL

<u>Authorized</u>	<u>Issued</u>		
3,000	-	Non-Cumulative, Redeemable Preference Shares - Par Value \$10.00	\$ -
10,000	4	Common Shares - Par Value \$1.00	4.00
<u>Less:</u>		Subscription Receivable	4.00
			\$ -
<u>Add:</u>		Retained Earnings	28,411.07
			28,411.07

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$48,048.80
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NOTE TO THE FINANCIAL STATEMENTS

NOTE 1. A certificate was obtained from Messrs. M. Zimmerman and W. Bernstein that the Inventory was taken under their supervision and that it was valued at cost or market, whichever was lower. We were not present when the Inventory was taken and responsibility for the quantities and pricings is assumed by them.

CEDARBRAE FABRICS AND DRAPERY LIMITEDTORONTOONTARIO

## STATEMENT OF RETAINED EARNINGS

FOR THE YEAR ENDED OCTOBER 31, 1968

(2)

Balance at Credit - November 1, 1969	\$24,336.66
<u>Add: Net Profit</u>	<u>4,161.01</u>
	\$28,497.67
<u>Less: Prior Years' Corporation Taxes</u>	<u>86.60</u>
BALANCE AT CREDIT - OCTOBER 31, 1968	<u>\$28,411.07</u>

## STATEMENT OF OPERATIONS

FOR THE YEAR ENDED OCTOBER 31, 1968

			<u>%</u>
Sales		\$184,018.71	100.0
<u>COST OF GOODS SOLD</u>			
Inventory - October 31, 1967	\$ 36,336.27		
Purchases	115,234.23		
Duty and Freight-In	225.14		
Outside Labour	<u>1,211.20</u>		
	\$153,006.84		
<u>Less: Inventory - November 1, 1968</u>	<u>36,358.25</u>	<u>116,648.59</u>	<u>63.4</u>
GROSS PROFIT		\$ 67,370.12	36.6
OVERHEAD (Statement #4)		<u>59,218.50</u>	32.2
Profit Before Depreciation and Amortization		\$ 8,151.62	
<u>DEPRECIATION AND AMORTIZATION</u>			
Air Conditioning Equipment	\$ 170.00		
Furniture and Fixtures	130.32		
Leasehold Improvements	150.10		
Lighting Equipment	<u>53.36</u>	<u>503.78</u>	
Profit Before Income Taxes		\$ 7,647.84	
Provision for Federal Income Tax	\$ 2,569.09		
Provision for Ontario Corporation Tax	<u>917.74</u>	<u>3,486.83</u>	
NET PROFIT		\$ 4,161.01	



## CEDARBRAE FABRICS AND DRAPERY LIMITED

TORONTO

ONTARIO

## STATEMENT OF OVERHEAD

FOR THE YEAR ENDED OCTOBER 31, 1968

(4)

SELLING EXPENSES

Wages	\$20,170.70	
Advertising and Display	9,833.38	
Store Expense and Delivery	<u>2,940.64</u>	\$32,944.72

GENERAL AND ADMINISTRATIVE EXPENSES

Management Fees	\$10,000.00	
Rent - Fairview Shopping Centre	11,041.00	
Light and Heat	1,017.27	
Audit Fees	600.00	
Insurance	242.00	
Business Tax	506.76	
Realty Tax	744.16	
Telephone and Telegraph	283.56	
Collection Expenses	1,163.79	
Unemployment Insurance	\$213.06	
Canada Pension Plan	242.33	
Workmen's Compensation	<u>79.59</u>	534.98
Bank Charges and Interest		94.80
Repairs and Maintenance		<u>45.46</u>
		26,273.78

TOTAL OVERHEAD \$59,218.50

## STATEMENT OF FIXED ASSETS

AS AT OCTOBER 31, 1968

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Residual Value</u>
Furniture	\$1,373.58	\$ 852.27	\$ 521.31
Air Conditioning Equipment	2,275.00	1,604.02	670.98
Leasehold Alterations	2,251.26	1,200.68	1,050.58
Lighting Equipment	<u>1,272.32</u>	<u>1,058.86</u>	<u>213.46</u>
	<u>\$7,172.16</u>	<u>\$ 4,715.83</u>	<u>\$2,456.33</u>

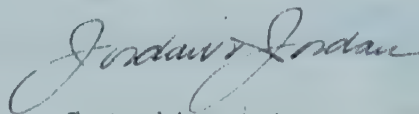
To the Shareholders of  
Cedarbrae Fabrics and Drapery Limited,  
754 Bathurst Street,  
Toronto, Ontario.

Gentlemen:

We have examined the Balance Sheet of Cedarbrae Fabrics and Drapery Limited as at October 31, 1968, and the related Statements of Retained Earnings and Operations for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

Our examination has not disclosed any matters which, in our opinion, would affect the fairness of the presentation of the Balance Sheet, with note thereto, and the related Statements of Retained Earnings and Operations, but since we were not present when the Inventory was taken, and a circularization of the Accounts Receivable was not made, we cannot express an opinion on the Financial Statements as a whole.

Respectfully submitted,



TORONTO, April 18, 1969.

Chartered Accountants.

Jennie Bernstein

William Bernstein

Morris Zimmerman

Approved by the Board of Directors.

NORTOWN FABRIC AND DRAPERY CENTRE LIMITEDTORONTOONTARIO

BALANCE SHEET AS AT OCTOBER 31, 1968

(1)

A S S E T SCURRENT ASSETS

Cash on Hand	\$ 90.00	
Balance in Bank	5,865.32	
Outstanding Deposit	1,001.91	
Accounts Receivable	3,333.70	
Inventory (Note 1.)	60,705.84	
Prepaid Expenses	548.81	\$ 71,545.58
Stitsky's Textile Centre Limited		24,853.05
FIXED ASSETS (Statement #5)		8,058.95
Organization Expense		232.25
TOTAL ASSETS		\$104,689.83

L I A B I L I T I E S     A N DS H A R E H O L D E R S '     E Q U I T YCURRENT LIABILITIES

Employee Payroll Deductions	\$ 286.31	
Sales Tax Payable	1,699.24	
Accrued Liabilities	11,580.82	
Federal Income Tax	\$4,203.34	
Provincial Corporation Tax	2,343.91	6,547.25
		\$ 20,113.62

SHAREHOLDERS' EQUITYCAPITAL

<u>Authorized</u>	<u>Issued</u>			
3,000	-	Non-Cumulative, Redeemable		
		Preference Shares -		
		Par Value \$10.00	\$ -	
10,000	4	Common Shares -		
		Par Value \$1.00	4.00	
Less:		Subscription Receivable	1.00	
			\$ 3.00	
Add:		Retained Earnings	84,573.21	84,576.21
		TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$104,689.83

NOTE TO THE FINANCIAL STATEMENTS

NOTE 1. A certificate was obtained from Messrs. M. Zimmerman and W. Bernstein that the Inventory was taken under their supervision and that it was valued at cost or market, whichever was lower. We were not present when the Inventory was taken and responsibility for the quantities and pricings is assumed by them.

## STATEMENT OF RETAINED EARNINGS

FOR THE YEAR ENDED OCTOBER 31, 1968

Balance at Credit - November 1, 1967	\$71,656.41
Add: Net Profit	12,985.32
	\$84,641.73
Less: Prior Year's Income Tax	68.52
BALANCE AT CREDIT - OCTOBER 31, 1968	\$84,573.21



NORTOWN FABRIC AND DRAPERY CENTRE LIMITEDTORONTOONTARIO

## STATEMENT OF OPERATIONS

FOR THE YEAR ENDED OCTOBER 31, 1968

(3)

			<u>-%</u>
Sales		\$328,485.52	100.0
<u>COST OF GOODS SOLD</u>			
Inventory - October 31, 1967	\$ 59,501.07		
Purchases	199,990.35		
Duty and Freight	453.14		
Outside Labour	<u>3,049.20</u>		
	\$262,993.76		
<u>Less: Inventory - October 31, 1968</u>	<u>60,705.84</u>	<u>202,287.92</u>	<u>61.6</u>
GROSS PROFIT		\$126,197.60	38.4
OVERHEAD (Statement #4)		<u>104,715.39</u>	31.9
Profit Before Depreciation and Amortization		\$ 21,482.21	
<u>DEPRECIATION AND AMORTIZATION</u>			
Furniture and Fixtures	\$ 1,354.00		
Leasehold Improvements	74.34		
Lighting Equipment	412.84		
Neon Signs	<u>108.46</u>	<u>1,949.64</u>	
Profit Before Income Taxes		\$ 19,532.57	
Provision for Federal Income Tax	\$ 4,203.34		
Provision for Provincial Income Tax	<u>2,343.91</u>	<u>6,547.25</u>	
NET PROFIT		\$ 12,985.32	

## STATEMENT OF OVERHEAD

FOR THE YEAR ENDED OCTOBER 31, 1968

SELLING EXPENSES

Wages	\$32,985.12	
Advertising and Display	17,531.60	
Store Expense and Delivery	<u>3,808.92</u>	\$ 54,325.64

GENERAL AND ADMINISTRATIVE EXPENSES

Management Fees	\$25,000.00	
Rent	19,709.00	
Heat, Light and Water	1,526.39	
Business Tax	1,117.82	
Audit	650.00	
Telephone and Telegraph	307.72	
Insurance	264.50	
Office and General Expense	43.75	
Unemployment Insurance	\$324.57	
Canada Pension	401.86	
Workmen's Compensation	<u>168.75</u>	895.18
Bank Charges and Interest		190.60
Realty Tax		794.49
Bad Debt Expense		<u>74.14</u>
		50,573.59
		\$104,899.23

LESS:

Other Income	<u>183.84</u>
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TOTAL OVERHEAD \$104,715.39

NORTOWN FABRIC AND DRAPERY CENTRE LIMITED

TORONTO

ONTARIO

STATEMENT OF FIXED ASSETS

AS AT OCTOBER 31, 1968

(5)

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Residual Value</u>
Furniture and Fixtures	\$11,160.02	\$ 5,743.82	\$5,416.20
Lighting Equipment	3,584.02	1,932.66	1,651.36
Leasehold Improvements	1,151.05	593.48	557.57
Neon Signs	1,325.00	891.18	433.82
	<u>\$17,220.09</u>	<u>\$ 9,161.14</u>	<u>\$8,058.95</u>

To the Shareholders of  
Nortown Fabric and Drapery Centre Limited,  
754 Bathurst Street,  
Toronto, Ontario.

Gentlemen:

We have examined the Balance Sheet of Nortown Fabric and Drapery Centre Limited as at October 31, 1968, and the related Statements of Retained Earnings and Operations for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

Our examination has not disclosed any matters which, in our opinion, would affect the fairness of the presentation of the Balance Sheet, with note thereto, and the related Statements of Retained Earnings and Operations, but since we were not present when the Inventory was taken, and a circularization of the Accounts Receivable was not made, we cannot express an opinion on the Financial Statements as a whole.

Respectfully submitted,

*Jordan and Jordan*

TORONTO, April 18, 1969.

Chartered Accountants.

Anne Zimmerman

Morris Zimmerman

William Bernstein

Approved by the Board of Directors.



STITSKY'S TEXTILE CENTRE LIMITEDTORONTOONTARIO

BALANCE SHEET AS AT OCTOBER 31, 1968

(1)

A S S E T SCURRENT ASSETS

Cash on Hand	\$	540.00	
Outstanding Deposits		6,277.12	
Bank Balance		9,263.41	
Deposit Receipts - 6% - due April 28, 1969		5,000.00	
Accounts Receivable	\$36,191.55		
Deduct: Allowance for Doubtful Accounts	<u>1,000.00</u>	35,191.55	
Inventory (Note 1.)		361,233.43	
Prepaid Expenses and Sundry Assets		<u>10,981.73</u>	\$428,487.24

State of Israel Bonds - Due 1968			
(Value on Maturity - U.S. \$900.00)			581.75

LOANS RECEIVABLE

AJY Realty Limited	\$130,106.68		
Cedarbrae Fabrics and Drapery Limited	9,924.53		
Shareholders' Loans Receivable	<u>14,758.82</u>	154,790.03	

FIXED ASSETS (Statement #5)		10,554.61	
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Organization Expenses		<u>160.75</u>	
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TOTAL ASSETS		\$594,574.38	
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L I A B I L I T I E S     A N D  
S H A R E H O L D E R S '     E Q U I T Y

CURRENT LIABILITIES

Outstanding Cheques	\$	92,614.23	
Accounts Payable		309,137.16	
Federal Income Taxes	\$8,690.72		
Ontario Corporation Taxes	<u>4,220.52</u>	12,911.24	
Sales Taxes Payable		7,248.13	
Employees Payroll Deductions		2,288.45	
Balance Due on Equipment		420.98	
Accrued Liabilities		<u>16,200.01</u>	\$440,820.20

Nortown Fabric and Drapery Centre Limited		24,853.05	
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Loan Payable - H. Stitsky		<u>5,754.77</u>	
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TOTAL LIABILITIES		\$471,428.02	
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SHAREHOLDERS' EQUITYCAPITAL

<u>Authorized</u>	<u>Issued</u>		
440	440	Non-Cumulative, Redeemable Preference Shares -	
		Par Value \$10.00	\$ 4,400.00
10,000	1,500	Common Shares -	
		Par Value \$1.00	<u>1,500.00</u>
			\$ 5,900.00
Add: Retained Earnings		<u>117,246.36</u>	<u>123,146.36</u>

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$594,574.38	
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STITSKY'S TEXTILE CENTRE LIMITEDTORONTOONTARIONOTE TO THE FINANCIAL STATEMENTS

NOTE 1. A certificate was obtained from Messrs. M. Zimmerman and W. Bernstein that the Inventory was taken under their supervision and that it was valued at cost or market, whichever was lower. We were not present when the Inventory was taken and responsibility for the quantities and pricings is assumed by them.

STATEMENT OF RETAINED EARNINGS

FOR THE YEAR ENDED OCTOBER 31, 1968

Balance at Credit - November 1, 1967		\$ 94,653.12
Add: Net Profit	\$22,359.37	
Prior Year's Income Tax	<u>233.87</u>	<u>22,593.24</u>
BALANCE AT CREDIT - OCTOBER 31, 1968		<u>\$117,246.36</u>

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED OCTOBER 31, 1968

				%
Sales		\$1,326,496.09		100.0
<u>COST OF GOODS SOLD</u>				
Inventory - October 31, 1967	\$ 228,154.59			
Purchases	1,172,081.94			
Duty and Freight	51,623.34			
Outside Labour	<u>41,728.99</u>			
	\$1,493,588.86			
<u>LESS:</u>				
Inventory - October 31, 1968	\$361,233.43			
Sales to Nortown Fabric and Drapery Centre Limited	105,783.75			
Sales to Cedarbrae Fabrics and Drapery Limited	<u>52,811.72</u>	<u>519,828.90</u>	<u>973,759.96</u>	<u>73.4</u>
GROSS PROFIT		\$ 352,736.13		26.6
OVERHEAD (Statement #4)		<u>312,133.81</u>		<u>23.5</u>
Profit Before Depreciation		\$ 40,602.32		
<u>DEPRECIATION</u>				
Furniture and Fixtures	\$ 1,158.25			
Neon Signs	300.75			
Cars and Trucks	1,256.45			
Machinery and Equipment	<u>425.73</u>	<u>3,141.18</u>		
Profit on Operations for the Year		\$ 37,461.14		
Prior Year's Adjustments		<u>2,161.43</u>		
Profit Before Income Taxes		\$ 35,299.71		
<u>PROVISION FOR INCOME TAXES</u>				
Federal Income Tax	\$ 8,690.72			
Provincial Income Tax	<u>4,249.62</u>	<u>12,940.34</u>		
NET PROFIT		\$ 22,359.37		



STITSKY'S TEXTILE CENTRE LIMITEDTORONTOONTARIO

## STATEMENT OF OVERHEAD

FOR THE YEAR ENDED OCTOBER 31, 1968

(4)

SELLING EXPENSES

Wages	\$120,770.14	
Advertising and Display	70,838.87	
Salary - M. Zimmerman	13,820.20	
Store Expenses	18,736.04	
Commissions	5,975.54	\$230,140.79

GENERAL AND ADMINISTRATIVE EXPENSES

Rent - Bathurst	\$31,071.74	
- Cloverdale Mall	18,402.80	\$ 49,474.54
Office Salaries		26,796.54
Salary - W. Bernstein		13,820.20
Office Expense		911.35
General Expense		589.88
Audit and Legal		1,975.00
Car Expense		3,336.40
Insurance		3,298.90
Life Insurance		1,920.83
Light, Heat and Water		4,610.44
Telephone and Telegraph		2,003.97
Interest and Bank Charges		940.52
Donations		201.00
Cash Over and Short		54.06
Bad Debts		104.15
Group Insurance	\$ 197.30	
Unemployment Insurance	1,514.24	
Canada Pension Plan	2,140.85	
Workmen's Compensation Board	840.00	4,692.39
Business Tax		1,858.80
Repairs and Maintenance		3,865.52
Dominion Electric Protection		335.50
Sales Discount		279.97
		<u>121,069.96</u>
		\$351,210.75

LESS:

Interest Earned	\$ 2,426.94	
Overprovision for Bad Debts	1,650.00	4,076.94
		<u>\$347,133.81</u>

LESS:Management Fee Charged To:

Nortown Fabric and Drapery Centre Limited	\$ 25,000.00	
Cedarbrae Fabrics and Drapery Limited	10,000.00	35,000.00

## TOTAL OVERHEAD

\$312,133.81

## STATEMENT OF FIXED ASSETS

AS AT OCTOBER 31, 1968

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Residual Value</u>
Furniture and Fixtures	\$24,277.97	\$ 14,928.75	\$ 9,349.22
Automobiles	12,397.90	9,466.20	2,931.70
Neon Signs	3,091.50	1,804.50	1,287.00
Machinery and Equipment	3,272.24	1,569.34	1,702.90
	\$43,039.61	\$ 27,768.79	\$15,270.82
Recaptured Depreciation		4,716.21	(4,716.21)
	\$43,039.61	\$ 32,485.00	\$10,554.61



# REPORT

CHARTERED ACCOUNTANTS TORONTO

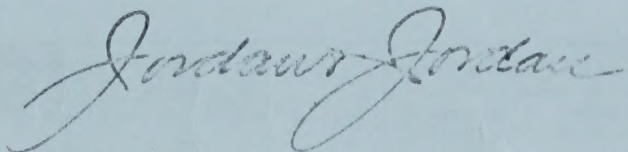
To the Shareholders of  
Stitsky's Textile Centre Limited,  
754 Bathurst Street,  
Toronto, Ontario.

Gentlemen:

We have examined the Balance Sheet of Stitsky's Textile Centre Limited as at October 31, 1968, and the related Statements of Retained Earnings and Operations for the year ended on that date. Our examination included a general review of the accounting records and other supporting evidence as we considered necessary in the circumstances.

Our examination has not disclosed any matters which, in our opinion, would affect the fairness of the presentation of the Balance Sheet, with note thereto, and the related Statements of Retained Earnings and Operations, but since we were not present when the Inventory was taken, and a circularization of the Accounts Receivable was not made, we cannot express an opinion on the Financial Statements as a whole.

Respectfully submitted,



TORONTO, April 18, 1969.

Chartered Accountants.

Anne Zimmerman

William Bernstein  
Morris Zimmerman

Approved by the Board of Directors.



<p>8. Any payments in cash or securities of the company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition.</p>	<p>The Company has agreed to pay to Playfair &amp; Co. Limited a fee of \$3,000.00 as a result of Playfair &amp; Co. Limited having assisted in the negotiations and in arranging part of the financing involved in the private placement.</p>
<p>11. Names and addresses of vendors of any property or other assets intended to be purchased by the company showing the consideration to be paid.</p>	<p>Lanark Furniture Company, a limited partnership consisting of Lanark Furniture Company Limited, Lanark Furniture Manufacturing Limited, the Charles Caplan Trust and the Meyer Goldhar Trust, all of 52 Arrow Road, Weston, Ontario are the only persons and/or companies entitled to receive the \$1,050,000.00 being the purchase price of Lanark Furniture Company.</p> <p>Reference is made to Schedule "A" paragraph (e) concerning the acquisition of Stitsky's, Cedarbrae and Nortown companies.</p> <p>(See Schedule "A" on pages 6 and 7.)</p>
<p>12. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company.</p>	<p>To the knowledge of management, the only persons to receive a greater than 5% interest in the consideration being paid by the Company for the purchase of Lanark Furniture Company are: Lanark Furniture Company Limited, (of which Bessie Caplan is the only person owning a greater than 5% interest therein and resides at 20 Blue Forest Drive, Downsview, Ontario ) Lanark Furniture Manufacturing Limited ( of which Helen Goldhar is the only person owning a greater than 5% interest therein and resides at 29 Bay Hampton Court, Downsview, Ontario) the Charles Caplan Trust (the trustee being Helen Goldhar for the interest of Charles Caplan) and the Meyer Goldhar Trust (the trustee therein being Bessie Caplan for the interest of Meyer Goldhar).</p> <p>To the knowledge of the management, the only persons to receive a greater than 5% interest in the consideration being paid by the Company for the purchase of all of the issued and outstanding shares of Stitsky's , Cedarbrae &amp; Nortown companies are: Mr. William Bernstein and Mr. Morris Zimmerman.</p>
<p>20. Statement of any other material facts and if none, so state. Also state whether any shares of the company are in the course of primary distribution to the public.</p>	<p>There are no other material facts.</p>

DATED March 25th, 1969  
Amended May 15th, 1969

**CERTIFICATE OF THE COMPANY**

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs and there is no further material information applicable. (To be signed by two principal signing officers who are directors and the corporate seal to be affixed.)

"Frederick A. Litwin"  
"W. H. Giles"

ERIE DIVERSIFIED INDUSTRIES LIMITED  
Per: [Signature] CORPORATE SEAL  
President  
Per: [Signature] Secretary

**CERTIFICATE OF UNDERWRITER OR OPTIONEE**

To the best of my knowledge, information and belief, the foregoing, together with the financial information and the reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs. Concerning matters which are not within my knowledge, I have relied upon the accuracy and adequacy of the information supplied to me by the company. (To be signed by underwriter or optionee registered with the Ontario Securities Commission or a corresponding body.)